UNDP

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DEVELOPMENT

PROGRAMME

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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF NEPAL

IPF:(1992-96) $77 772 000

(NEP/91/002) - Management Support for Municipal Development

Date of approval:	8 January 1993
Expected duration:	One year and 3 months
Proposed executing agency:	Government
Government implementing agency:	Ministry of Local Development and Ministry of Housing and Physical Planning
Proposed UNDP contribution:	$ 490 500 Source of funds: IPF
Total UNDP budget:	$ 490 500

Project background

Although the urban population of Nepal is less than 10 percent of its total estimated population of 19 million, it is growing at about five to six percent annually or twice that of the rural population. Rapid urbanization is putting increasing pressures on the presently limited facilities and services in the urban areas of Nepal, including roads, drinking water supply, drainage and sewerage systems, and solid waste collection. This has led to worsening environmental conditions.

Until recently, Nepal's urban development programmes have been centralised in the Ministry of Housing and Physical Planning (MHPP) and the Ministry of Local Development (MLD) and their related agencies. The MHPP provides policy guidelines on urban development and coordiantes the various activities of organisations attached to it. It has created 29 Town Development Committees (TDCs) as a mechanism for providing local planning and community facilities. The MLD is concerned with monitoring and supervising local governments at the district, town and village levels. With the election of local leaders in 1992 and the passage of local governments acts, the 36 municipal governments have assumed more power and responsibilities in managing their own development activities. They are, however, faced with inadequate human and financial resources and thus have limited capabilities to provide urban facilities and services or to manage urban growth.

UNDP assistance to this sector spans more than two decades. Such support has concentrated in transforming municipalities into well-managed and financially sound bodies that could effectively tackle rapid urbanization, under the projects (NEP/85/010) and (NEP/86/021) Management Support to Town Panchayats I and II and (NEP/88/046) Management Support for Urban Development (MSUD). Among the major achievements of these projects were: (a) improved local level revenue generation and cost control in 27 out of 33 municipalities; (b) completion of physical expansion plans for 33 municipalities; (c) completion of manuals on site planning, physical standards, project planning and capital improvement programming; (d) design of a series of training programmes for district engineers and municipal staff; and (e) enhanced capacities at MLD and MHPP in providing advice and assistance to municipalities in financial management, taxation, municipal administration, urban and infrastructure policy, physical development planning, and engineering design.

Description of project

The development objective of the project is to transform Nepal's town into well-managed and financially sound municipal bodies capable of providing urban infrastructures and services needed by their growing populations.

The immediate objectives of the project are to: (a) assist the Government to identify and prepare suitable strategies to support decentralized municipal management in Nepal; and (b) design a full-scale five-year project to promote municipal development in the new democratic framework of Nepal. Five municipalities will be selected under this project to carry out the following activities: (i) identifying options for the organizational structure of the municipality; (ii) developing a municipal tax policy and a financial monitoring system; (iii) preparing accounting training modules and conduct training courses for accounts personnel; and (iv) identifying and conduct one pilot/demonstration project.

Inputs

UNDP will provide a project adviser (15 work-months); a municipal finance advisor (one work-month), an urban development policy advisor (one work-month); project professional staff (27 work-months); and administrative support personnel; in-country travel and mission costs, a subcontract costs for demonstration community-based project; training (study tours on urban management practices and in-service training on infrastructure and financial management); surveying equipment; and miscellaneous costs (operation and maintenance, reports and sundries).

Financial data

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Personnel	255 000
Subcontract	60 000
Training	95 000
Equipment	45 000
Miscellaneous	35 500
Total	490 500

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